C4680-1
7/6/87

July 1987

How Iowa Jobber Profits from Change
Put the Finger on Employee Thieves
Is There Renewed Interest in TBA?

NPN
National Petroleum News

Unocal Sets Its Sights On Automotive Service

Unocal's Clay Warnock

3-DIGIT 208
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4520 EAST-WEST HWY STE 800
BETHESDA MD 20814

NATIONAL PETROLEUM NEWS

JULY 1987 VOL. 79 NO. 7

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While most major oil companies are concentrating on self-service and convenience stores, Unocal has decided to concentrate on service, tires, batteries and accessories. **Page 34**

Internal theft costs millions of dollars. Here's how you can protect your business from dishonest employees. **Page 44**

Internal support and willingness to adapt have been key ingredients in the success story of W.A. Krause and his company's Kum & Go stores. **Page 50**

• TRENDS

Methanol Motor Fuel Looking Good Again

Is methanol as a motor fuel about to break away from its "some day" image and become a practical reality? And this doesn't mean a methanol-enhanced motor fuel, but a methanol motor fuel in its own right, perhaps laced with a couple of dollops of gasoline?

It has long been accepted that methanol is a logical and desirable substitute for gasoline in the next century when petroleum will no longer be abundant.

There's no question that it has great potential: higher octane than regular grade and substantially cleaner in terms of environmental considerations than most gasolines. It can be manufactured economically from this country's extensive and long term supply of coal or natural gas. Thus, it offers an escape from dependency on foreign oil.

Methanol can be used in cars and trucks with some mechanical changes to the engines. That's been proven already. But neither the oil nor the automotive industries have shown much interest so far. In effect, the oil industry's attitude is why get worked up if there are no cars to use it. The automakers respond that there's no point in producing such cars until fuel supplies are readily available.

But what's now going on in California indicates this "chicken and egg" cycle may be coming to a head faster than has been projected. It's conceivable that a methanol motor fuel may impact on the marketplace in the mid-1990s, first as a competitor of gasoline and subsquently —after 2000—as a replacement. California is shooting right now for a 30% substitution of methanol for gasoline over the next decade or so.

What gives this a here-and-now concept is the recent announcement by the state of California and Arco that the oil company will begin marketing a methanol motor fuel at 75 of its stations within the next three years.

It will start with five this year, add 20 next year and the balance in 1989. There already are 30 or so subsidized independents selling methanol, and Chevron also is considering an Arco-like deal with the state, leaving little doubt that this is just the beginning.

Big company participation could be just the wallop needed to get methanol rolling as a motor fuel in California. And given California's reputation as a pace setter in things automotive and environmental, the current pacts could be harbingers for all other states.

California also has proposed financial help for the purchase of 5,000 methanol-fueled vehicles and is hopeful that as many as 100,000 might be on its streets and highways by 1991 or 1992. Although this is a mere trickle considering that Californians currently are buying about 1.8-million new cars a year, who can foresee what kind a boom this might touch off? A factor to be reckoned with, too, is that the state is splitting the service station installation costs with Arco and likely will do the same with Chevron, if that agreement is reached in the near future. That could be an inducement for others to jump in. Arco expects to sell the new methanol fuel at about 90¢ a gal., which would make it a low-ball competitor with today's prices. It is presumed that this projected retail price would move up or down in keeping with the pump prices of the future, not of the present.

Moreover, the automobile companies have not been entirely remiss in the methanol field. Most are working on engines that can burn methanol straight. As a matter of fact, Ford is said to have a flexible prototype that can use methanol, gasoline or a combination of both. Some cities also are field-testing bus and fleet models that consume methanol-type fuels. At the federal level, several Congressmen are said to be ready with incentive proposals for methanol fuels.

These developments, however, do not presage an end to petroleum marketing as an industry in the foreseeable future—just a change of products and procedures, something marketers are accustomed to. —*J. Richard Shaner*

• MARKETPLACE AT A GLANCE

AVERAGE GASOLINE PRICES IN THE U.S. (per gal.)

APRIL	Gasoline (All types)	Leaded Regular	Unleaded Regular	Unleaded Premium
U.S. City Avg.	$ .940	$ .879	$ .934	$1.073
Regions:				
Northeast	.941	.867	.916	1.062
North Central	.931	.883	.932	1.073
South	.932	.865	.924	1.062
West	.959	.896	.961	1.110

Source: U.S. Dept. of Labor, Bureau of Labor Statistics.

STOCKS (Add 000 bbl.)

	5/29/87	5/30/86
Gasoline (total)	231,427	219,131
Gasoline (Unleaded)*	134,777	115,181
Jet Kerosine	39,391	38,211
Distillates	99,327	97,775
Residual	40,724	36,958

**Included in gasoline total.*
Source: American Petroleum Institute.

High Fuel Taxes Tugging Hard On Motorists' Purse Strings

Motor fuel tax increases were enacted in eight states this year, according to the Highway Users Federation, which adds that fuel taxes will also go up in two other states due to previous legislation. Moreover, 14 other states are now considering similar action.

The tax increases were enacted in: Maryland and Utah (gasoline and diesel up 5¢); Missouri and North Dakota (gasoline and diesel up 4¢); Montana (gasoline and diesel up 3¢); Mississippi (gasoline up 6¢ and diesel up 5¢); Oklahoma (gasoline up 6¢ and diesel up 3¢) and New Mexico (gasoline up 3¢ and diesel up 5¢). Tax increases based on earlier legislation go into effect this month in Connecticut (gasoline and diesel up 1¢) and Tennessee (diesel up 1¢).

Motor fuel tax hikes were defeated in Georgia, Idaho, Indiana, South Dakota and West Virginia.

The average state gasoline tax has risen 56% from 8.6¢ a gal. in 1980 to a current 13.4¢. The federal gasoline tax was raised from 4¢ to 9¢ gal. in 1983, a 125% increase. In addition, drivers in 11 states pay a percentage of sales tax on motor fuel and 13 states allow local governments to place their own motor fuel taxes on top of the states'.

Motorists also pay 9¢ per gallon federal gasoline tax, which goes into the Highway Trust Fund for major highway improvements. Gasohol users pay only 3¢ a gal. in federal taxes, the remaining 6¢ being a subsidy to the ethanol industry.

Senate Finance Committee Chairman Lloyd Bentsen (D-Texas) says lawmakers are looking at increases in gasoline taxes, excise taxes and income taxes to reduce the budget deficit, although President Reagan has vowed to veto any increase in individual tax rates.

Specifically, excise and gasoline tax increases are being considered to raise $18-billion under the budget resolution.

The PMAA vehemently opposes such tax increases. "The petroleum industry has always had to carry the tax burden. If Congress is going to impose taxes they should be across-the-board taxes on all energy sources, not just petroleum products," says a PMAA spokesman.

PMAA is against any energy tax. SIGMA says an excise tax or a gasoline tax hike would be preferable to an oil import fee.

A 10¢ increase in the federal gasoline tax would raise about $9-billion a year, according to Congressional estimates. The proposed legislation has some support in the House.

While Bentsen says an income tax increase is not "off limits," such a measure faces stiff opposition not only from President Reagan, but from House Ways and Means Chairman Dan Rostenkowski (D-Ill.), who adamantly opposes "tampering" with tax rates after last year's tax law. NPN

State Motor Fuel Tax Rates

(cents per gal.)

State	Gasoline	Diesel	Gasohol	Added Tax (%)	Local Option
Alabama	13	14	10		yes
Alaska	8	8	0		
Arizona	16	16	16		
Arkansas	13.5	12.5	13.5		
California	9	9	9	6	yes
Colorado	18	20.5	18		
Connecticut	17	17	16	2	
Delaware	13	13	13		
D.C.	15.5	15.5	15.5		
Florida*	9.7	9.7	7.7		yes
Georgia	7.5	7.5	7.5	3	
Hawaii	11	11	11	4	yes
Idaho	14.5	14.5	10.5		
Illinois	13	15.5	13	6	yes
Indiana	14	15	14	5	
Iowa	16	18.5	15		
Kansas*	11	13	8		
Kentucky*	15	12	15		
Louisiana	16	16	16	1	
Maine	14	14	11		
Maryland*	13.5	13.5	13.5		
Massachusetts*	11	11	11		
Michigan*	15	15	15	4	
Minnesota	17	17	14.5		
Mississippi	9	10	9	6	yes
Missouri	7	7	7		
Montana	17	17	17		
Nebraska*	19	19	16		
Nevada	13	13	12		yes
New Hampshire	14	14	14		
New Jersey	8	11	0		
New Mexico	11	11	0		yes
New York	8	10	8	6.75	yes
North Carolina*	15.75	15.75	15.75		
North Dakota	13	13	5		
Ohio	12	12	12		
Oklahoma	16	13	10		
Oregon	12	12	12		yes
Pennsylvania	12	12	12	6	
Rhode Island*	15	15	15		
South Carolina	13	13	7		
South Dakota	13	13	11		yes
Tennessee	17	15	13		yes
Texas	15	15	11		
Utah	19	19	19		
Vermont	13	14	13		
Virginia	17.5	16	17.5		yes
Washington	18	18	16.2		
West Virginia*	15.35	15.35	15.35		
Wisconsin*	18	18	18		
Wyoming	8	8	8		
Average Gasoline Tax	**13.4**				

*Variable tax expressed in cents per gal.
Source: Highway Users Federation, rates effective July 1, 1987.
Note: Federal Excise Tax on gasoline is an additional 9¢ gal.